Bail-out package for airline companies

1573. DR. (SHRIMATI) NAZMA A. HEPTULLA: Will the Minister of CIVIL AVIATION be pleased to state:-

(a) whether Government is aware that the International Air Transport Association (IATA) predicted last month that Indian carriers would suffer a loss of $ 1.5 billion *i.e.,* almost Rs. 7,500 crore in this year to March, 2009;

(b) if so, the details of losses suffered by Air India and private airlines;

(c) whether Government proposes to bring cut some bail-out pakage for loss making airlines; and

(d) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) Yes, Sir.

(b) The additional financial burden being borne by National Aviation Company of India Limited erstwhile Air India and Indian Airlines due to increase in fuel prices from April to October 2008 would be around Rs.2310 crores.

The domestic airlines are making losses due to very high fuel prices till October, 2008. Industry sources have placed the- combined losses in 2006-07 at Rs. 2000 crore and Rs. 4000 crore in 2007-08. The industry is also heading towards losses in 2008-09. Quantum of losses cannot be assesed at this time of the year.

(c) and (d) The Government has taken various steps to help the domestic aviation industry which *inter-alia* are as under:

(1) Custom duty on import of ATF has been abolished.

(2) The State Governments have been persuaded to reduce the sales tax on ATF. Government of Andhra Pradesh and in certain cases Government of Rajasthan have reduced the sales tax on ATF to 4%. Government of Maharashtra has also reduced sales tax on ATF from 25% to 4% for flights originating from airports other than Pune and Mumbai.

(3) The Oil Companies have also staggered the dues of Airline Companies, over six months. Oil Companies have extended the credit period also.

(4) With the fall in global crude prices, the Oil Companies have been reducing ATF prices since September, 2008.

Effects of economic slowdown on airports

1574. DR. M.A.M. RAMASWAMY : Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the economic slowdown in the country is likely to hit the modernization of airports in the country hard;

(b) if so, the details thereof;

(c) the action plan chalked out by Government to avert such a situation;